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WORLD HOG AND PORK PROSPECTS

Summary

The United States fall and spring pig crops of 1936-37 are expected to be considerably smaller than those of 1935-36 as a result of high corn prices and unusually heavy marketings of breeding stock in July, August and early September. Hog slaughter during the first half of the 1936-37 year is not expected to show any considerable reduction from this cause, however, and the number of hogs to be slaughtered in the 1936-37 marketing year, beginning October 1, is still expected to be larger than in 1935-36.

Current high costs of feed will probably result in early marketings of the pig crop farrowed last spring, and slaughter supplies from October to December are expected to be proportionately larger than usual in relation to those from January to March. A decline in hog prices is in prospect for the fall and early winter months. Prices in the late winter and early spring of 1937, however, are likely to advance rather sharply, and relatively high prices will probably prevail during most of 1937.

Exports of hog products are expected to increase somewhat in the first half of the 1936-37 marketing year as a result of the prospects for larger domestic slaughter supplies. Exports in the last half of 1936-37, however, probably will be no greater than the relatively low level of exports in the last half of the present marketing year.

A slight increase in the British cured pork import quota applicable to the September-December period of 1936 was announced by the British Board of Trade on August 17. The increase was apportioned among the quota countries according to the usual percentages, and resulted principally from

reduction in the estimates of Empire cured pork available for shipment in the last 4 months of the year. The revised quota for the United States is approximately 14,534,000 pounds. Only 152,000 pounds remains as redeemable deficit caused by short shipments earlier in the year. Most of the deficit was made up in June and July when exports to the United Kingdom totaled over 5,000,000 and 6,000,000 pounds, respectively, compared with an average of less than 3,000,000 pounds for the 5 preceding months.

A considerable increase is anticipated in Danish hog slaughter for the period from July 1936 to May 1937 on the basis of the July 18 hog census, which indicated that there were 3,503,000 head of hogs on farms in Denmark on that date, the largest number since July 1933. Smaller hog numbers in the Danube Basin, on the other hand, now indicate some decline in exports of hog products from this area in the second half of 1936 and the first half of 1937.

Lard imports into the United Kingdom continued at unusually low levels in July. Imports from the United States amounted to only 37 percent of the total imported for the season from October 1935 through July 1936 compared with 63 percent for the corresponding period a year earlier. Supplies of fat continue to remain limited in Germany. Decreases in German hog slaughter have tended to hold 1935-36 supplies of domestic lard below the 1934-35 level, and imports of lard, although larger in the first 10 months of the 1935-36 season than in the same period a year earlier, since May have been considerably smaller than those of the corresponding period of 1934-35.

United States

Corn prices rose relatively more than hog prices during July and August, causing the hog-corn price ratio to decline to levels unfavorable for hog production. Marketings of packing sows during the 10 weeks ended September 5 were unusually large in relation to the total number of hogs marketed, the percentage of packing sows marketed averaging 40 percent of total packer and shipper purchases at the seven leading markets compared with

28 percent a year earlier. This relatively large proportion of packing sows marketed, many of which were piggy, resulted in a considerable reduction in breeding stock on farms. Both the fall pig crop of this year and the spring pig crop of next year are likely to be smaller than those of 1935-36, notwithstanding that in early June farmers reported they were planning an increase of 14 percent in fall farrowings over the previous year.

The current high cost of feed is expected to cause the pig crop farrowed last spring to be marketed unusually early, thereby making slaughter supplies from October to December proportionately larger than usual in relation to those from January to March. The effect of the large marketings on hog prices, which ordinarily decline seasonally during this quarter may be no greater than usual, since consumer demand is apparently increasing and demand from packers for storage purposes is expected to be stronger than that of a year earlier. Because of the relatively small supplies in prospect for the late winter and early spring of 1937, the price movement during that period is likely to be sharply upward.

The seasonal up-trend in hog prices which started in May apparently ended in late August, as prices have since been declining moderately. The amount of the summer advance varied considerably as between hogs of different weights and grades. Prices of the better grades of medium weight butcher hogs rose slightly more than $2.00 per 100 pounds, whereas the advances in light weight butchers ranged from $1.20 to $1.90. The smallest advances were in the prices of the extreme light weights and the lowest grades. Price declines occurring since late August have been greatest for the extremely light hogs. Prices of packing sows, however, have continued to show an upward tendency because of decreasing numbers of such hogs in the present market supply. The average price per 100 pounds of packers and shippers at Chicago was $10.06 in August compared with $9.76 in July and $10.78 in August 1935.

Market receipts of hogs in August were the smallest since October 1935. Slaughter under Federal inspection totaled 2,254,000 head, 16 percent below July but 35 percent larger than the unusually small slaughter of August last year. The increase over a year earlier was not so great as that recorded in June, however. Total hog slaughter for the current marketing year, which ends September 30, is expected to be about the same as in the previous year, when the total slaughtered under Federal inspection amounted to 30,700,000 head. Marketings in July and August this year included the largest proportion of packing sows recorded in several years and was comprised of relatively large numbers of unfinished light butcher hogs, and of feeder and slaughter pigs. Storage holdings of pork and lard declined less than in other recent years during August, and have recently exceeded the quantities of both products held in storage a year earlier.

The average weight of hogs in the seven leading markets dropped sharply toward the end of August. Heavy liquidation of large packing sows early in the month caused a later-than usual peak in average weights. Late in August there was a sharp decrease both in number and average weights of packing sows, although the percentage of packing sows was still considerably greater than a year earlier. This, together with the relatively large number of pigs and unfinished butcher hogs, caused a sharp decrease in average weights, and in early September the average was less than a year earlier. Average weights in the seven markets were 256 pounds in August

compared with 258 in July and 251 pounds in August of last year.

The sharp rise in corn prices, which started early in July, continued during most of August, but reacted slightly toward the end of the month. Prices during the first week in September were about the same as in early August. The average price of No. 3 Yellow corn at Chicago was 113.5 cents per bushel in August compared with 85.8 cents in July and 80.6 cents in August last year. Based on farm prices on the 15th of the month, the hog-corn price ratio in the North Central States was 9.5 in August, compared with 12.0 in July 1936 and 14.1 in August 1935. The hog-corn ratio in the next few months will probably continue below that of corresponding months of last year.

Wholesale prices of fresh pork rose sharply during the last half of August to the highest levels of this year, but in general were slightly below the peak prices recorded in the late summer of 1935. Prices of lard advanced in the first 3 weeks of August and then reacted slightly. Prices of most cured products were steady to lower. The composite wholesale price of the principal hog products at New York was $21.94 per 100 pounds in August compared with $21.35 in July and $25.77 in August last year.

Total pork exports in July were nearly 20 percent larger than in June and exceeded corresponding monthly exports of a year earlier for the first time this season. The increase in shipments of cured pork accounted for almost the entire gain in pork exports, with hams and shoulders, the principal cured item, accounting for about 80 percent of the entire increase. Hams and shoulders exported totaled 6,557,000 pounds in July. Exports of this item to the United Kingdom, the leading market, accounted for nearly all of the increase since June. Bacon exports totaled 627,000 pounds in July and showed some increase over the amount shipped in June, but were less than the total for July 1935, and the smallest for the month on record.

Exports of lard from the United States in July, amounting to 7,555,000 pounds, were about 32 percent smaller than those for June, but were over 50 percent greater than the extremely low total for July of last year. Exports of lard to the United Kingdom were the smallest since October 1935. The decrease in lard shipments to Germany from June, when the total was relatively high, to July may have been due in part to the increasing difficulties of making satisfactory arrangements for payment with German buyers. Exports of hams and bacon to Cuba showed some increase during July, while shipments of lard to that country showed a relatively small decrease. Total exports of both pork and lard for the first 10 months of the 1935-36 season, however, were far below those of any recent year preceding the 1934-35 marketing season, and were somewhat below those of that year.

Canada

Hog prices averaged higher at Toronto in August than in July, although prices tended to weaken somewhat in the last week of the month. Bacon hogs at Toronto averaged $9.29 per 100 pounds, United States currency, compared with $9.05 for the month of July, and $9.90 in August of last year.

Marketings of hogs were heavier in August than in July and in August 1935. In the 4-week period ended August 27 the number graded at stockyards and packing plants in Canada reached 230,000 head compared with 223,000 head in the 4-week period ended July 30, and only 173,000 head in the corresponding period of August 1935. The increase in hog marketings so far this year as compared with the same period of 1935 amounts to about 200,000 head or 11 percent.

It is anticipated by Canadian marketing officials that the present scarcity and prospective high price of feed may result in over-liquidation of sows and unfinished hogs. Heavy marketing of sows at this time, unless checked, is likely to cause a falling off in fall litters and thus bring about a shortage in pig supplies for next spring and summer. Spring farrowings this year showed an increase of 28 percent above 1935.

Canadian trade statistics show that exports of pork products to the United Kingdom in July amounted to 15,693,000 pounds. Bacon exports, which comprised 83 percent of the total, increased 10 percent above June and 24 percent above July 1935, whereas there was a decrease in lard exports of 14 percent as compared with June, but an increase of 166 percent as compared with July 1935. Total exports of pork products from Canada to the United Kingdom during the first 10 months of the current hog marketing year, October 1 to July 31, amounted to 133,000,000 pounds, an increase of 13 percent above the same period of 1934-35.

United Kingdom and Irish Free State

On August 17, the British Board of Trade announced an upward revision in the cured-pork quota for the last 4 months of 1936, the total to equal 1,602,138 hundredweight (179,439,000 pounds) instead of the 1,590,683 hundredweight (178,156,000 pounds) previously announced. See table, page 6. Larger importations will be allowed from foreign countries because of reductions in the estimates of Empire cured pork available for shipment during the last 4 months of the year. In addition to this slight increase in the September-December allocation, 1,295 hundredweight (145,000 pounds) were apportioned according to the usual percentages among the quota countries. The adjustment was made because of the failure of Yugoslavia to use this amount of the quota granted as compensation for loss of the principal Yugoslav market for cured pork when sanctions against Italy were first applied. The new quota figure represents an increase of less than 1 percent over that announced earlier, leaving the reduction from the May-August 1936 period still 12 percent, but only 4.4 percent from the average monthly rate for October-December 1935.

The United States share in the revised September-December total British cured-pork quota is approximately 14,534,000 pounds, representing a monthly rate of nearly 3,634,000 pounds. Monthly imports of American cured pork into the United Kingdom for the first 7 months of 1936 averaged 3,532,000 pounds. July imports, however, were up to nearly 6,400,000 pounds, bringing the redeemable deficit caused by short shipments earlier in the year down to a negligible quantity (152,000 pounds). See table, page 6.

The seasonal decline in the price of American short cut green hams as reflected by quotations on the Liverpool market began a month earlier than usual this year, the average for August amounting to $20.58 per 100 pounds as against $21.97 for July and $23.29 for August 1935. Total ham imports into the United Kingdom during July amounted to 9,463,000 pounds, an increase of more than 700,000 pounds over June imports and of nearly 900,000 pounds over comparable 1935 figures. Imports from the United States accounted for all of this increase, shipments from Canada, the most second/and almost only other important supplier, being considerably lower in July than in June.

Liverpool bacon quotations, unlike those for ham, rose steadily during August, Danish Wiltshire sides at $22.26 per 100 pounds, making the highest average since April 1930 and Canadian green sides at $20.31 the highest since June 1930. American green bellies also shared in the upward price tendency, averaging $17.03 during August against $16.71 in July. Total supplies of bacon reached unusually low levels in British markets during August. Imports of bacon into the United Kingdom in July were 3,446,000 pounds higher than in June. Total imports for the season, however, at 609,000,000 pounds were nearly 8.5 percent below comparable 1934-35 figures. Though imports from Denmark were over 1,600,000 pounds higher in July than in June, total imports from that country for the season to the end of July were 10 percent below those of a year ago.

United Kingdom: Revised total cured pork allocations, September 1-December 31, 1936, and to the United States, January 1-December 31, 1936

Country	Total allocation, Sept. 1-Dec. 31: Percentage share of total	Total allocation, Sept. 1-Dec. 31: Allocations		Allocations to United States Jan. 1-Dec. 31, 1936: Month	Allocation 1/	Imports 2/
	Percent	Hundredweight	1,000 pounds	1936	1,000 pounds	1,000 pounds
Denmark	63.50	1,017,358	113,944	Jan.	3,877	2,324
Netherlands	9.50	152,203	17,047	Feb.	3,642	2,148
Poland	7.95	127,370	14,265	Mar.	3,990	2,597
Sweden	4.70	75,300	8,434	Apr.	3,862	2,354
Lithuania	2.95	47,263	5,293	May	4,146	3,895
Estonia	.75	12,016	1,346	June	4,014	5,031
Finland	.40	6,409	718	July	4,146	6,376
Latvia	.70	11,215	1,256	Aug.	4,146	
USSR	.85	13,618	1,525	Sept.	3,633	
Argentina	.70	11,215	1,256	Oct.	3,633	
United States	3/ 8.00	3/ 128,171	3/ 14,355	(Nov.	3,634)	
				(Dec.	3,634)	
Total	100.00	1,602,138	179,439		46,357	

1/ Final figures with all adjustments made.
2/ Not adjusted for re-exports.
3/ Plus 0.1 percent of total to allow for adjustments in connection with imports through Canada.

Lard prices advanced materially during August, as indicated by Liverpool quotations, the monthly average for American refined lard standing at $13.51 per hundred pounds against $12.37 in July. Last year's comparable average, however, was $17.08. Lard imports into the United Kingdom continued at unusually low levels during July, totaling for the season to the end of that month 140,450,000 pounds against 179,700,000 pounds in 1934-35 and 279,600,000 pounds in 1933-34. Imports from the United States declined again in July to less than 6,000,000 pounds. The United States share in the total for the period October-July was 37 percent against 63 percent last season and 93 percent in the corresponding period of 1933-34.

Supplies of British and Irish fresh pork at London Central Markets during this season to July 31 were considerably higher than in any of the past several seasons. Supplies from these sources in July totaled a little over 4,000,000 pounds, which was an increase of 31 percent compared with July 1935 figures.

Denmark

A weekly slaughter of 96,000 to 101,000 hogs in Denmark is anticipated by Danish authorities for the period July-May 1936-37, according to Agricultural Commissioner H. E. Reed at Berlin. The slaughter estimate was made by the semi-official Danish Agricultural Council on the basis of the July 18 hog census, which, at 3,503,000 head, was the largest census or estimate since July 1933. On the basis of the May 1936 census, the Council had estimated weekly slaughter at about 95,000 head for the period May-February 1936-37. The weekly average for the calendar year 1935 was 83,000 head.

Most of the increase in the July 1936 estimate over those made in May and June of this year is accounted for by the larger number of pigs weighing less than 132 pounds (60 kilos). This development was to be expected from the marked increase in breeding operations in evidence for some time. Bred sow numbers, although showing a decrease of about 6 percent from the June 1936 estimates, are higher than on any other estimate or census date since April 1933. Most of the decrease from June in bred sows appeared in the gilt category.

The decline in gilts resulted from an increase in the practice of breeding for one litter and then selling as sows. It will be recalled that the Danish hog-marketing control measures apply only to hogs of bacon weight and not to pigs under 110 pounds (50 kilos) or to sows and boars. These exceptions have been found to be too liberal for exercising proper control under price conditions favorable to increasing production. The supply of light pigs for slaughter has been increased materially, under existing regulations, producers have preferred not to risk feeding pigs to bacon weights only to have them classed as excess or "non-card" hogs, which must be sold at unremunerative prices. Gilts in many instances, after producing one litter, have been marketed as sows for domestic consumption, bringing prices little less than those paid for "card" or export-bacon hogs. The sale of light pigs and of gilts as sows has prevented the low non-card prices from being as effective a limitation on production as was intended. An order effective July 1, 1936, however, now prohibits the marketing of sows under 18 months of age at the prices prescribed for sows. Such sows must be sold at the non-card prices for bacon hogs. This measure also is expected to reduce the number of young pigs, now regarded as excessive.

Germany

There has been little change during recent weeks in the limited supplies of fat available in Germany. Lard import figures for July, at 2,400,000 pounds, were more than twice as large as the June imports, but remained well below figures for all other months of the current season. German receipts of Danube Basin lard have been curtailed sharply in recent months, principally because prices in Germany have not been sufficiently high to attract the diminished supplies of the Danubian product. Of the July imports into Germany, Denmark supplied nearly 2,000,000 pounds, the United States and various European countries accounting for the small remainder.

Lard imports since May have been considerably smaller than in the corresponding 1935 period. For the current season beginning October 1935, total lard imports to July 31 were 60 percent larger than the comparable 1934-35 figures as a result of the heavier imports in the months prior to June. From October 1935 to April 1936, decreases below last year in hog marketings and slaughter tended to hold the supplies of domestic lard below the 1934-35 level. Hog marketings were heavier in May and June this year than last, but fell off again in July and August. The current season's total receipts of hogs at 14 cities as of July 31 were 19 percent below, and slaughter at 36 centers 21 percent below the corresponding 1934-35 figures.

Danube Basin

Large domestic feed crops and high hog and pork prices mark the current hog situation in the Danube Basin, according to the Belgrade office of the Foreign Agricultural Service. These conditions suggest a reversal of the material decline in hog numbers which resulted from the heavy exports of live hogs, lard, and pork in 1935 and the first half of 1936. As early as last April, hog numbers in Hungary, the Basin's leading exporting country, were down to 2,554,000 head compared with 3,176,000 head in 1935 and an average of 2,368,000 head in the period 1930-1934.

The smaller hog numbers indicate some decline in the export volume during the second half of 1936 and the first half of 1937. Of the hogs now being marketed, a relatively large proportion shows lack of finish as a result of last year's reduced feed-grain crops. This situation has brought about a decided upward movement in the prices of well-finished hogs, and a favorable hog-feed ratio. Larger feeding operations than last year are expected this fall and winter.

Lard exports from Danube countries in the first 7 months of 1936 totaled about 44,300,000 pounds against about 39,200,000 pounds in the corresponding 1935 period. Participation in this year's exports by Bulgaria and Rumania, especially the former, was considerably heavier than in 1935. Hungary, however, continued as the leading shipper of Danubian lard, accounting for about 70 percent of the 1936 total compared with about 88 percent of the 1935 exports. Yugoslavian participation also has increased this year, with exports from that country about 66 percent larger than in 1935.

The relative scarcity of fat hogs in July resulted in Hungarian lard prices advancing to the point where exports to Germany, formerly the leading buyer, were no longer profitable. As a result, the July movement of Hungarian lard to Germany fell to practically nothing. During June and July the German price for Hungarian lard was set at the equivalent of about 13 cents per pound,

f.o.b. Budapest. A new German price for August, equivalent to 13.7 cents, renewed the movement of Hungarian lard. That price, however, is not entirely satisfactory to Hungary, which agreed to an August quota considerably smaller than the quota for earlier months.

Hogs and pork products: Indices of foreign supplies and demand

Country and item	Unit	Oct. - July					
		1909-10 to 1913-14 average	1924-25 to 1928-29 average	1932-33	1933-34	1934-35	1935-36
UNITED KINGDOM:							
Supplies, domestic fresh pork, London	1000 pounds		46,787	65,482	56,325	64,075	69,809
Imports -							
Bacon -							
Denmark	"	205,468	419,006	591,261	416,021	361,732	326,216
Irish Free State	"		44,188	16,576	27,517	39,943	44,650
United States	"	152,042	89,794	4,995	4,536	2,572	1,563
Canada	"	34,872	64,236	31,243	86,844	92,162	86,526
Others	"	36,067	136,299	303,702	210,418	162,284	150,065
Total	"	428,449	753,523	947,779	745,339	658,694	609,019
Ham, total	"	79,475	106,307	82,046	71,124	64,506	62,815
Lard, total	"	183,256	229,527	246,694	279,629	179,695	140,452
DENMARK:							
Exports -							
Bacon	"		416,987	607,924	437,068	368,456	
CANADA:							
Slaughter -							
Hogs, inspected	1000's	1,434	2,239	2,361	2,477	2,449	2,620
GERMANY:							
Production -							
Hog receipts 14 cities	"		2,692	2,601	3,008	2,882	2,329
Hog slaughter 36 centers	"	3,708	3,354	3,534	3,920	3,871	3,039
Imports -	1000						
Bacon, total	pounds	2,212	14,278	25,340	24,309	21,327	19,767
Lard, total	"	167,473	185,285	183,662	103,604	44,612	71,574
UNITED STATES:							
Slaughter -							
Hogs, inspected	1000's	27,789	39,898	40,589	38,668	27,268	26,365
Exports -							
Bacon -	1000						
United Kingdom	pounds	108,288	55,371	2,318	2,569	1,435	825
Germany	"	1,308	9,881	1,221	2,493	0	29
Cuba	"	6,356	17,404	3,545	4,132	3,954	1,223
Total	"	146,866	117,793	13,911	19,374	7,000	3,060
Hams, shoulders -							
United Kingdom	"	117,993	121,060	54,879	50,411	42,546	34,785
Total	"	137,170	144,320	63,077	58,084	50,430	37,719
Lard -							
United Kingdom	"	146,075	194,326	234,050	266,573	96,508	54,797
Germany	"	117,373	159,656	121,092	58,308	2,513	6,313
Cuba	"	31,116	67,744	9,545	14,452	25,929	20,476
Netherlands	"	30,454	34,595	32,436	20,351	10	46
Total	"	396,734	613,040	481,831	459,747	135,696	86,505

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Hogs and pork products: Foreign and domestic average prices per 100 pounds for the month indicated, and stocks at the end of each month

Item	1909-1913 July average	1925-1929 July average	July 1935	June 1936	July 1936
	Dollars	Dollars	Dollars	Dollars	Dollars
Prices-					
Hogs, Chicago, basis packers' & shippers' quotations	8.00	11.37	9.49	9.88	9.76
Corn, Chicago, No. 3 Yellow	1.16	1.76	1.52	1.14	1.53
Hogs, heavy, Berlin live weight	11.71	16.03	17.20	17.70	17.70
Barley, Leipzig	1.71	2.22	3.13	3.41	
Lard-					
Chicago	10.75	15.18	15.65	11.28	
Liverpool	11.86	15.80	14.46	11.83	12.37
Hamburg	12.67	16.26		11.50	12.20
Cured pork-					
Liverpool-					
American short cut green hams	15.80	26.01	20.65	21.95	21.97
American green bellies		21.64	13.61	Nominal	16.71
Danish Wiltshire sides	16.56	25.04	20.50	20.33	20.65
Canadian green sides	15.43	23.09	17.83	18.08	18.23
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds
Stocks-					
United States-					
Processed pork 4/		757,404	369,910	435,130	442,483
Lard in cold storage		177,316	68,435	106,774	116,824

1/ Three weeks.
2/ No prices quoted.
3/ Two weeks.
4/ Dry salt cured and in process of cure; pickled, cured, and in process of cure, and frozen.

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